

EXPIRATION OF THE TERM OF THIS AGREEMENT, WITH INTEREST PAID AT AN ANNUAL PERCENTAGE RATE EQUAL TO A 12 MONTH CERTIFICATE OF DEPOSIT RATE AS DETERMINED BY THE COOP, AND ADJUSTED YEARLY IN THE MONTH OF FEBRUARY. IN THE EVENT THAT SELLER FAILS OR REFUSES TO PERFORM SELLER'S PART OF THE TERMS AND PROVISIONS, COVENANTS AND WARRANTIES OF THIS AGREEMENT, COOP SHALL SET-OFF AGAINST SAID SECURITY DEPOSIT, TO THE EXTENT OF SAID DEPOSIT, ALL EXPENSES AND DAMAGES INCURRED BY COOP WHICH DAMAGES AND EXPENSES WERE REASONABLY NECESSARY FOR COOP TO INCUR IN PERFORMING THE SELLER'S DUTIES AND OBLIGATIONS UNDER THIS AGREEMENT WHICH SELLER FAILED OR REFUSED TO PERFORM. SUCH EXPENSES AND DAMAGES MAY INCLUDE, BUT ARE NOT LIMITED TO, THE COVER BY COOP OF QUALIFYING WEANER PIGS AGREED TO BE PROVIDED BY SELLER TO BUYER UNDER THIS CONTRACT, TRANSPORTATION EXPENSES, DAMAGES OR LOSSES RESULTING FROM THE ASSUMPTION OF THE RISK OF ACCEPTING DELIVERY OF QUALIFYING WEANER PIGS BY REASON OF SAID COVER, AND FEEDING AND CARE EXPENSES. COOP SHALL, PRIOR TO SET-OFF AGAINST SAID SECURITY DEPOSIT, GIVE WRITTEN NOTICE TO SELLER AT SELLER'S LAST KNOWN ADDRESS TO COOP, OF THE DEFAULT BY SELLER IN SELLER'S PERFORMANCE OF SELLER'S DUTIES AND OBLIGATIONS, COVENANTS AND WARRANTIES UNDER THIS AGREEMENT, AND OF COOP'S INTENTION TO SET-OFF AGAINST SAID SECURITY DEPOSIT SUCH EXPENSES AND DAMAGES. THE NOTICE SHALL BE EFFECTIVE UPON COOP'S MAILING OF THE SAME TO SELLER CERTIFIED U.S. MAIL, POSTAGE PREPAID. COOP SHALL GIVE TO SELLER IN SAID NOTICE, TEN DAYS FROM THE DATE OF MAILING SAID NOTICE TO CURE THE DEFAULT IDENTIFIED IN SAID NOTICE BY PERFORMING THE DUTY OR OBLIGATION OF SELLER WHICH IS IN DEFAULT. COOP'S RIGHT TO SET-OFF AGAINST THE SECURITY DEPOSIT OF THE SELLER SHALL BE IN ADDITION TO THE OTHER RIGHTS OR REMEDIES WHICH COOP OR BUYER OR BOTH MAY HAVE AGAINST THE SELLER IN THE EVENT OF SELLER'S DEFAULT UNDER THIS AGREEMENT.

12. GENETIC QUALITY: SELLER REPRESENTS AND WARRANTS THAT ALL QUALIFYING PIGS WILL BE PROGENY FROM THE FOLLOWING GENETIC STOCK, UNLESS OTHERWISE APPROVED IN WRITING BY COOP:

ANY UNAUTHORIZED DEVIATION FROM THIS WARRANTY SHALL BE CONSIDERED A MATERIAL BREACH OF THIS AGREEMENT.

13. MANAGEMENT AND HEALTH: SELLER AGREES TO COMPLY WITH THE FOLLOWING MANAGEMENT AND HEALTH PROGRAMS:

A. SELLER SHALL DOCK TAILS AND ALL TAILS SHALL BE HEALED PRIOR TO LOADING AND DELIVERY OF PIGS;

B. SELLER SHALL CASTRATE MALE PIGS AND ALL MALE PIGS SHALL BE HEALED PRIOR TO SHIPMENT;

C. SELLER SHALL BIRTH DATE TATTOO ALL PIGS;

D. SELLER SHALL USE SELLER'S BEST EFFORTS TO MAINTAIN SWINE FREE FROM PRV OR ANY SWINE DISEASE THAT WOULD PROHIBIT INTERSTATE SHIPMENT OF PIGS PRODUCED BY SELLER, OR THAT MIGHT OTHERWISE IMPAIR THE ABILITY TO UTILIZE THE PIGS TO BE PURCHASED UNDER THIS AGREEMENT. IF, IN THE OPINION OF TWO MUTUALLY ACCEPTABLE VETERINARIANS ANY OF THE SWINE PRODUCED BY SELLER OR